

SENATE BILL REPORT

SHB 1512

As of March 25, 2013

Title: An act relating to fire suppression water facilities and services provided by municipal and other water purveyors.

Brief Description: Concerning fire suppression water facilities and services provided by municipal and other water purveyors.

Sponsors: House Committee on Local Government (originally sponsored by Representatives Takko, Kochmar, Fitzgibbon, Buys, Sullivan, Magendanz, Springer, Van De Wege and Ryu).

Brief History: Passed House: 3/04/13, 97-0.

Committee Activity: Governmental Operations: 3/25/13.

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Staff: Karen Epps (786-7424)

Background: General purpose and selected special purpose local governments are authorized to provide water-related utility services. This includes cities, towns, counties, water-sewer districts, and public utility districts.

Water-sewer districts (districts) may purchase, construct, maintain, and supply waterworks to furnish water to inhabitants within and outside of the district, and may develop and operate systems of sewers and drainage. Districts may also create facilities, systems, and programs for the collection, interception, treatment, and disposal of wastewater, and for the control of pollution from the wastewater. Districts are authorized to establish rates and charges for providing water and sewer services. A public utility district (PUD) is a type of special-purpose district authorized for the purpose of generating and distributing electricity, providing water and sewer services, and providing telecommunications services. PUDs are authorized to establish rates and charges for providing water and sewer services.

Counties may provide for the sewerage, drainage, and water supply within all or a portion of a county. Counties may control, regulate, operate, and manage these systems. Cities and towns may provide for the sewerage, drainage, and water supply of the city or town, and may establish, construct, and maintain water supply systems and systems of sewers and drains within or outside their corporate limits. Cities and towns are also authorized to establish rates and charges for providing water and sewer services. In 2002, the Legislature passed HB

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2902, which expressly authorizes cities and towns operating water supply systems to include fire hydrants as an integral utility service incorporated within general rates.

In *Lane v. City of Seattle*, (2008) (*Lane*), the Washington Supreme Court determined that the provision of fire hydrants is a general governmental responsibility. The Court held that financing the cost of fire hydrants through a monthly fire hydrant charge paid by water utility ratepayers is an unlawful tax that violates Article VII, section 5 of the Washington State Constitution.

In *City of Tacoma v. City of Bonney Lake*, (2012) (*Bonney Lake*), the Washington Supreme Court considered issues similar to those considered in *Lane*. Tacoma and Tacoma Public Utilities had franchise agreements with Pierce County, Fircrest, University Place, and Federal Way to provide water services. Prior to *Lane*, Tacoma paid for fire hydrants in its jurisdiction and the other jurisdictions by charging ratepayers a hydrant fee. Following *Lane*, Tacoma and Tacoma Public Utilities ceased charging Tacoma ratepayers and sent bills to the other jurisdictions for hydrant costs. The jurisdictions refused to pay the costs.

Ultimately, the court in *Bonney Lake* held that Tacoma, acting in a proprietary capacity in entering into the franchise agreements, was contractually obligated by the agreements to provide hydrant services and to bear the costs of those services. It noted that Tacoma and Tacoma Public Utilities could have negotiated for the cost of the hydrants to be borne by the other jurisdictions, but it had not. The court also declined to find that a charge for hydrants always results in a tax, and held that whether a charge is a tax or a fee depends on how the charge is levied.

Summary of Bill: A purveyor may allocate and recover the costs of fire suppression water facilities and services:

- from all customers as costs of complying with state law and regulations;
- from customers based on service, benefits, burdens, and impacts; or
- from both.

A city, town, or county may contract with purveyors for the provision of fire suppression water facilities, services, or both. A county is not required to pay for fire suppression water facilities or services unless it is a customer, acting as a purveyor, or has agreed to do so consistent with applicable law.

Municipal and nonmunicipal purveyors are not liable for any damages that arise out of a fire event, relating to the operation, maintenance, and provision of fire suppression water facilities and services, under certain circumstances. Consistent with applicable statute, agreements or franchises may include indemnification, hold harmless, or other risk management provisions under which purveyors may indemnify and hold harmless cities, towns, and counties against damages arising from fire suppression activities.

Frequently used terms are defined, including the following:

- fire suppression water facilities, which means water supply transmission and distribution facilities, interties, pipes, valves, control systems, lines, storage, pumps, fire hydrants, and other facilities, or any part thereof, used or usable for the delivery of water for fire suppression purposes; and

- fire suppression water services, which means operation and maintenance of fire suppression water facilities and the delivery of water for fire suppression purposes.

An intent section is included stating that governmental and nongovernmental water purveyors play a key public service role in providing water for fire protection, and there is currently uncertainty and confusion as to a water purveyor's role, responsibilities, cost allocation, and recovery authority related to those services. The statutory provisions must be liberally construed, confer powers that are supplemental to powers conferred by other law, and not affect or impair any ordinance, resolution, or contract lawfully entered into prior to the bill's effective date.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill addresses an important issue to water purveyors, cities, counties, and water districts. Previous Supreme Court decisions muddied the water on this issue and this bill is designed to address the issue. This bill will make a significant difference for all the entities involved and the citizens who benefit from these services.

Persons Testifying: PRO: Representative Takko, prime sponsor; Cindy Zehnder, Cascade Water Alliance.